

RELAY SERVICES DATA REQUEST INSTRUCTIONS

5. **Operations Support:** Expenses that assure the sustainability of service including troubleshooting, customer service and technical support.
6. **Human Resources:** Expenses incurred in performing personnel administration activities, including recruiting, hiring, forecasting, planning, training, scheduling, counseling employees and reporting. **ADDITIONAL DATA REQUIRED – see Appendix 1**
7. **Billing:** Administrative expenses of rating and providing billing information to interexchange and exchange carriers, if not recovered by other means. **ADDITIONAL DATA REQUIRED – see Appendix 1**
8. **Contract Management:** Expenses of managing activities required by the provider contracts. **ADDITIONAL DATA REQUIRED – see Appendix 1**
9. **Risk Management:** Management expenses associated with workmen's compensation, payments in settlement of accident and damage claims, insurance premiums against losses and damages, sickness and disability payment, etc.
10. **Other Corporate Overheads:** Other administrative expenses of providing TRS not included in previous categories. All costs over \$10,000 should be itemized. **ADDITIONAL DATA REQUIRED – see Appendix 1**

Subtotal Section C expenses.

D. Annual Depreciation/Amortization Associated with Capital Investment

- Depreciation listed in this section **MUST** tie to the capital investment reported in Section F.

1. **Furniture & Fixtures:** Depreciation expense on furniture and/or fixtures. **ADDITIONAL DATA REQUIRED – see Appendix 1**
2. **Telecommunications Equipment:** Depreciation expense associated with capitalized expenses of telecommunications equipment including switching equipment, operator services equipment, cable and wire facilities, transmission equipment, and power equipment. **ADDITIONAL DATA REQUIRED – see Appendix 1**
3. **Leasehold:** Amortization of leasehold improvements – improvements which become a permanent part of a building, like walls or carpeting. **ADDITIONAL DATA REQUIRED – see Appendix 1**
4. **Other Capitalized:** TRS depreciation expense not accounted for in other categories. **ADDITIONAL DATA REQUIRED – see Appendix 1**

Subtotal Section D expenses.

E. Other TRS Expenses

1. **Marketing/Advertising:** Expenses associated with promoting TRS services within the community. All costs over \$10,000 should be itemized. The cost of equipment given to, sold to, and/or used by relay callers, and call incentives are **NOT** to be reported as expenses. **ADDITIONAL DATA REQUIRED – see Appendix 1**
2. **Outreach:** Expenses of programs to educate the public on TRS. **ADDITIONAL DATA REQUIRED – see Appendix 1**
3. **Sub Contactor:** 3rd party costs associated with a contract to provide TRS/IP/STS/VRS and CTV services. **Do not include profit or tax allowances of sub-contractor.**
4. **Other:** Expenses not previously reported. **ADDITIONAL DATA REQUIRED – see Appendix 1**

Subtotal Section E expenses.

Total Traditional TRS expenses.

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F. Capital Investments

Please provide the year end net book value of capital investments by categories listed in Section F from which the depreciation expenses in Section D was calculated. **ADDITIONAL DATA REQUIRED – see Appendix 1**

NECA will calculate an 11.25% rate of return on the capital investment reported in Section F. The result will be added to the provider's total expenses in Section A – E to arrive at the average 2005-2006 cost per minute for each service.

Total Section F. (Do not add the Capital Investments total to the Total Expenses.)

II. Total Speech to Speech Expenses

Include **reasonable expenses attributable to providing Speech to Speech** in English and Spanish as required under Part 64 of the FCC rules, such as gathering traffic, the center itself, and handing off calls to the interexchange carrier. These do not include expenses of the interexchange carrier terminating the call after it leaves the center. Those expenses are recovered by the carrier from the STS user. When reporting expenses, please **round only to the next dollar**; report all amounts in whole dollars.

Follow the same instructions for Sections A through F as listed above in **Total Traditional TRS Expense Data**.

III. Total Video Relay Service Expenses

Include **reasonable expenses attributable to providing Video Relay Service** in English as required under Part 64 of the FCC rules, such as gathering traffic, the center itself, and handing off calls to the interexchange carrier. When reporting expenses, please **round only to the next dollar**; report all amounts in whole dollars.

Follow the same instructions for Sections A through F as listed above in **Total Traditional TRS Expense Data**.

IV. Total Internet Protocol TRS Expenses

Include **reasonable expenses attributable to providing IP Relay** in English and Spanish as required under Part 64 of the FCC rules, such as gathering traffic, the center itself, and handing off calls to the carrier. When reporting expenses, please **round only to the next dollar**; report all amounts in whole dollars.

Follow the same instructions for Sections A through F as listed above in **Total Traditional TRS Expense Data**.

V. Total Captioned Tel. VCO Expenses (Will not be included in 2005-2006 rate development)

Include **reasonable expenses attributable to providing Captioned Tel. VCO** in English and Spanish as required under Part 64 of the FCC rules, such as gathering traffic, the center itself, and handing off calls to the carrier. When reporting expenses, please **round only to the next dollar**; report all amounts in whole dollars.

Follow the same instructions for Sections A through F as listed above in **Total Traditional TRS Expense Data**.

VI. Annual Relay Service Demand Data

All minute data should be reported in **conversation minutes**. Conversation minutes are measured in terms of conversation time, i.e., from calling party connection to called party to the disconnect of both parties. **Do not include** time for call set-up, call ringing, waiting for an answer, calls that reach busy numbers or receive no answers, and call wrap-up. **2003 minutes** should be **actual** conversation minutes. **2004 minutes** should be **annualized actuals**, e.g., total the actual minutes for the number of months with actual minutes, divide the total by the number of months with actual minutes and then multiply by 12 to get the

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RELAY SERVICES DATA REQUEST INSTRUCTIONS

annual figure. Minutes for **2005 and 2006** should be **projected** conversation minutes. The projected minutes should reflect reasonable growth rates and include other considerations that might increase or decrease the minutes handled by a center, such as adding a new state to a center.

Provide annual, annualized and projected minutes as follows:

A. English Minutes

1. Traditional TRS Conversation Minutes

1. **Local:** TRS non-toll conversation minutes for completed calls that are included in local service billing.
2. **Intrastate Message Telephone Service (MTS):** TRS toll conversation minutes billed for completed calls within the state. Does not include toll free or 900 service minutes.
3. **Interstate MTS:** TRS toll conversation minutes billed for completed calls across state boundaries. Does not include toll free or 900 service minutes.
4. **International MTS:** TRS conversation minutes billed for completed international calls.
5. **Toll Free:** TRS conversation minutes for completed toll free calls (800/888/877, etc.). Do not include any toll free minutes in any of the other categories.
6. **900 Service:** TRS conversation minutes for completed 900 calls. Do not include any 900 service minutes in any of the other categories.
7. **General Assistance:** TRS minutes required to provide miscellaneous assistance or services such as time, temperature, service explanations, etc.

Total Traditional minutes

2. Internet Protocol (IP) Relay Minutes Conversation Minutes

We recognize that the calling number is not provided on an IP Relay call so it is not possible to determine whether a call is intrastate or interstate. **For this data request, please report calls to domestic telephone numbers that are not toll free or 900 numbers on the Local, Intra & Interstate line. However, calls to toll free numbers, 900 numbers and international numbers and calls for general assistance should be identified as such.**

1. **Local, Intra & Interstate:** IP conversation minutes for calls to US telephone numbers that are not toll free or 900 numbers.
2. **International MTS:** IP conversation minutes for completed calls to international locations. (These minutes are not reimbursed from the TRS Fund at this time.)
3. **Toll Free:** IP conversation minutes for completed toll free calls (800/888/877, etc.). Do not include any toll free minutes in any of the other categories.
4. **900 Service:** IP conversation minutes for completed 900 calls. Do not include any 900 service minutes in any of the other categories.
5. **General Assistance:** IP minutes required to provide miscellaneous assistance or services such as time, temperature, service explanations, etc.

Total Internet Protocol minutes

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3. Speech To Speech (STS) Conversation Minutes

1. **Local:** STS non-toll conversation minutes for completed calls that are included in local service billing.
2. **Intrastate Message Telephone Service (MTS):** STS toll conversation minutes billed for completed calls within the state. Do not include toll free or 900 service minutes.
3. **Interstate MTS:** STS toll conversation minutes billed for completed calls across state boundaries. Do not include toll free or 900 service minutes.
4. **International MTS:** STS conversation minutes billed for completed international calls.
5. **Toll Free:** STS conversation minutes for completed toll free calls (800/888/877, etc.). Do not include toll free minutes in any of the other categories.
6. **900 Service:** STS conversation minutes for completed 900 calls. Do not include 900 service minutes in any of the other categories.
7. **General Assistance:** STS minutes required to provide miscellaneous assistance or services such as time, temperature, service explanations, etc.

Total Speech to Speech minutes

4. Video Relay Service (VRS) Conversation Minutes

Since the calling number is not provided on a VRS Internet Relay call, it is not possible to determine whether a call is intrastate or interstate. **For this data request, please report VRS Internet calls to domestic telephone numbers that are not toll free or 900 numbers on the Local, Intra & Interstate line. However, VRS calls to toll free numbers, 900 numbers and international numbers and calls for general assistance should be identified as such.**

1. **Local, Intra & Interstate:** VRS conversation minutes for calls to US telephone numbers that are not toll free or 900 numbers.
2. **International MTS:** VRS conversation minutes for completed calls to international locations.
3. **Toll Free:** VRS conversation minutes for completed toll free calls (800/888/877, etc.). Do not include any toll free minutes in any of the other categories.
4. **900 Service:** VRS conversation minutes for completed 900 calls. Do not include any 900 service minutes in any of the other categories.
5. **General Assistance:** VRS minutes required to provide miscellaneous assistance or services such as time, temperature, service explanations, etc.

Total Video Relay Services Minutes

5. Captioned Telephone VCO (CTV) Conversation Minutes (Will not be included in 2005-2006 rate development.)

1. **Local:** Captioned Telephone VCO non-toll conversation minutes for completed calls that are included in local service billing.
2. **Intrastate Message Telephone Service (MTS):** Captioned Telephone VCO toll conversation minutes billed for completed calls within the state. Does not include toll free or 900 service minutes.
3. **Interstate MTS:** Captioned Telephone VCO toll conversation minutes billed for completed calls across state boundaries. Does not include toll free or 900 service minutes.

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4. **International MTS:** Captioned Telephone VCO conversation minutes billed for completed international calls.
5. **Toll Free:** Captioned Telephone VCO conversation minutes for completed toll free calls (800/888/877, etc.). Do not include any toll free minutes in any of the other categories.
6. **900 Service:** Captioned Telephone VCO conversation minutes for completed 900 calls. Do not include any 900 service minutes in any of the other categories.
7. **General Assistance:** Captioned Telephone VCO minutes required to provide miscellaneous assistance or services such as time, temperature, service explanations, etc.

Total Captioned Telephone VCO Minutes

B. Spanish Minutes

1. **Traditional TRS Conversation Minutes**
2. **Internet Protocol (IP) Conversation Minutes**
3. **Speech To Speech (STS) Conversation Minutes**
4. **Video Relay Service (VRS) Conversation Minutes***
5. **Captioned Telephone VCO (CTV) Conversation Minutes**

For Spanish Traditional TRS, IP, STS and CTV minutes, follow the instructions listed above for English minutes.

*Spanish to Spanish is not required for VRS. Only report Spanish VRS minutes if you provide the service.

VII. Certification

An officer or responsible accounting officer must certify the Center Data Request response. Please read the certification and sign accordingly.

APPENDIX 1 For TRS, STS, IP, VRS and CTV

This Appendix applies to each service separately

SECTION B Annual Recurring Variable Expenses

1. Salaries and Benefits

A. Provide a detailed schedule of the number of employees – *Non-management (persons performing communications assistant and interpreter activities)*, and the components of their compensation, including salaries and benefits. This includes the cost of contract interpreters and/or communication assistants. The schedule should tie to the actual and projected demand for 2003-2006.

Please provide data for each center.

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B. Provide a detailed schedule of the occupancy and utilization percentages used to develop the number of employees required to meet call volumes. The schedule should tie to the schedule requested in A above.

Occupancy Percentage = # of minutes a CA/Interpreter is occupied processing a call(including set- up, wrap- up) / # of available minutes (payroll time)

Utilization Percentage = # of conversation minutes(does not include set-up, wrap-up) / # of minutes a CA/Interpreter is occupied processing a call(including set-up, wrap-up)

Please also include information on the normal workday length and the amount of time CAs/interpreters are at their desks waiting to take calls (available/payroll time minus lunch, breaks, vacation).

C. Provide the speed of answer you are staffing to meet for each center.

2. Salaries and Benefits

Provide a detailed schedule of the number of employees – **Management employees (relay center managers & supervisors)**, and the components of their compensation, including salaries and benefits. The schedule should tie to the actual and projected demand for 2003 - 2006. **Please provide data for each center and job description for each employee.**

3. Salaries and Benefits

Provide a detailed schedule of the number of employees – **Relay Center Staff (clerical staff and others who perform non communications assistant and interpreter activities)**, and the components of their compensation, including salaries and benefits. The schedule should tie to the actual and projected demand for 2003-2006. **Please provide data for each center and job description for employee.**

SECTION C Annual Administrative Expenses

1. Finance/Accounting

- Provide a detailed schedule of the number of employees and the components of their compensation, including salaries and benefits.
- Provide job descriptions for finance/accounting staff.
- Provide other expenses incurred in providing accounting and financial services.

2. Legal/ Regulatory

- Provide a detailed schedule of the number of employees and the components of their compensation, including salaries and benefits.
- Provide other expenses incurred in providing legal services.

3. Engineering (day to day operations)

- Provide a detailed schedule of the number of employees and the components of their compensation, including salaries and benefits.
- Provide job descriptions for engineering staff.
- Describe Engineering activities and explain how it relates to meeting the non - waived mandatory minimum standards.
(See FCC 04-137, ¶ 188-190)

4. Research and Development

- Provide a detailed schedule of the number of employees and the components of their compensation, including salaries and benefits.
- Provide job descriptions for Research and Development staff.
- Describe each TRS related Research and Development project and explain how it relates to meeting the non - waived mandatory minimum standards. (See FCC 04-137, ¶ 188-190)

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6. Human Resources

- a) Provide a detailed schedule of the number of employees and the components of their compensation, including salaries and benefits.
- b) Provide job descriptions for Human Resources staff.
- c) Provide other expenses incurred in performing personnel administration activities. This includes forecasting, planning, recruiting and reporting.

7. Billing

- a) Provide a detailed schedule of the number of employees and the components of their compensation, including salaries and benefits.
- b) Provide other administrative expenses incurred in rating and providing billing information to exchange and interexchange carriers if not recovered by other means.

8. Contract Management

- a) Provide a detailed schedule of the number of employees and the components of their compensation, including salaries and benefits.
- b) Provide expenses of managing activities required by provider contract.

10. Other Corporate Overheads

- a) Provide a detailed schedule of the number of employees and the components of their compensation, including salaries and benefits. **Please state the percentage of time allocated to TRS.**
- b) Provide job descriptions of employees.
- c) Identify and explain the expenses included in corporate overhead.
- d) Provide a copy of the Cost Allocation Manual or equivalent guidance that describes the underlying basis for all cost allocations.
- e) Itemize any costs over \$10,000.

SECTION D Annual Depreciation/Amortization Associated with Capital Investment

Depreciation method and period applied should be included. Departures from traditional depreciation methods should be explained in detail. **We emphasize that the depreciable life, depreciation method, and depreciation expense must be categorized by items listed in Section D.**

SECTION E Other TRS Expenses

1. Marketing/Advertising

- a) Provide a detailed schedule of the number of employees and the components of their compensation, including salaries and benefits. This includes product management expenses associated with managing product lifecycle and the sale of TRS.
- b) Provide job descriptions of marketing/advertising staff.
- c) Identify and explain the expenses included in marketing/advertising.
- d) Itemize any costs over \$10,000.
- e) Provide a copy of the Cost Allocation Manual or equivalent guidance that describes the underlying basis for all cost allocations.
- f) The cost of equipment given to, sold to, and/or used by relay callers, and call incentives are **NOT** to be reported in any expenses.
- g) Expenses associated with installation and training on the equipment are **NOT** to be reported.

2. Outreach

- a) Provide a detailed schedule of the number of employees and the components of their compensation, including salaries and benefits.
- b) Provide job descriptions of outreach staff.
- c) Identify and explain the expenses included in outreach.
- d) Provide a copy of the Cost Allocation Manual or equivalent guidance that describes the underlying basis for all cost allocations.
- e) The cost of equipment given to, sold to, and/or used by relay callers, and call incentives are **NOT** to be reported in any

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expenses.

- f) Expenses associated with installation and training on customer premises' equipment are **NOT** to be reported.

4. Other

Do not include "Profit or Tax Allowances".

List and explain expenses not stated in other categories.

SECTION F Capital Investments

Support data for capital investment should include where appropriate, among other things: all capital equipment purchased in order to provide each form of TRS, itemized by equipment class, gross book values, accumulated depreciation, and net book values. **Only report the year end net book value in Section F.**

Only include capital investment items that are long term in nature and subject to depreciation. Items such as office supplies should be listed in Section B. 6. Relay Center Expenses.

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Relay Services Data Request

Please read the attached instructions carefully before completing the data request.

I. Provider Identification

A. Service Provider/Administrator

Provider: _____
 Contact Name: _____ Email ID: _____
 Address: _____
 City/State: _____ Zip: _____
 Telephone: _____ Fax: _____

B. Data Request Response

Contact Name: _____ Email ID: _____
Telephone: _____ Fax: _____

The information included in this data request is true, accurate and complete to the best of my knowledge.

Contact Signature: _____ **Date:** _____

C. To assist NECA in data analysis, please summarize any service changes/activities/improvements since the 2004 filing, or planned for 2005/2006, that caused/may cause substantial changes in cost and/or demand data. Examples: addition of a state; loss of a state contract; increase in volumes due to specific outreach program; call volume decrease due to use of internet or other non-TRS technology; decrease in minutes due to new, time saving technology; changes in volumes due to abnormal weather conditions; etc. Include any characteristics unique to a particular service or changes in the relay services marketplace as a whole.

[illegible]

Relay Services Data Request

D. Other Information

If additional space is required in responding to this section, please make copies of this page.

Current State/Entity Contract and Funding Information

State/Entity: _____
Contract Dates From: _____ To: _____
Per TRS Minute Contract Rate: _____ Completed/conversation: _____ Total/session: _____
Per IP Minute Contract Rate: _____ Completed/conversation: _____ Total/session: _____
Per STS Minute Contract Rate: _____ Completed/conversation: _____ Total/session: _____
Per VRS Minute Contract Rate: _____ Completed/conversation: _____ Total/session: _____
Are there any costs for interstate TRS or STS minutes, or all IP or VRS minutes currently being recovered by a means other than the TRS Fund? Yes _____ No _____
If yes, please indicate other source of recovery: _____

State/Entity: _____
Contract Dates From: _____ To: _____
Per TRS Minute Contract Rate: _____ Completed/conversation: _____ Total/session: _____
Per IP Minute Contract Rate: _____ Completed/conversation: _____ Total/session: _____
Per STS Minute Contract Rate: _____ Completed/conversation: _____ Total/session: _____
Per VRS Minute Contract Rate: _____ Completed/conversation: _____ Total/session: _____
Are there any costs for interstate TRS or STS minutes, or all IP or VRS minutes currently being recovered by a means other than the TRS Fund? Yes _____ No _____
If yes, please indicate other source of recovery: _____

State/Entity: _____
Contract Dates From: _____ To: _____
Per TRS Minute Contract Rate: _____ Completed/conversation: _____ Total/session: _____
Per IP Minute Contract Rate: _____ Completed/conversation: _____ Total/session: _____
Per STS Minute Contract Rate: _____ Completed/conversation: _____ Total/session: _____
Per VRS Minute Contract Rate: _____ Completed/conversation: _____ Total/session: _____
Are there any costs for interstate TRS or STS minutes, or all IP or VRS minutes currently being recovered by a means other than the TRS Fund? Yes _____ No _____
If yes, please indicate other source of recovery: _____

State/Entity: _____
Contract Dates From: _____ To: _____
Per TRS Minute Contract Rate: _____ Completed/conversation: _____ Total/session: _____
Per IP Minute Contract Rate: _____ Completed/conversation: _____ Total/session: _____
Per STS Minute Contract Rate: _____ Completed/conversation: _____ Total/session: _____
Per VRS Minute Contract Rate: _____ Completed/conversation: _____ Total/session: _____
Are there any costs for interstate TRS or STS minutes, or all IP or VRS minutes currently being recovered by a means other than the TRS Fund? Yes _____ No _____
If yes, please indicate other source of recovery: _____

Relay Services Data Request

E. Center Locations

Please complete the following table with center location information.

[illegible]

Relay Services Data Request

VII. Certification

I hereby certify that I have overall responsibility for the preparation of accounting data for

(TRS, STS, IP and/or VRS PROVIDER)

I certify that I am an officer of the above-named reporting entity, that I have examined the foregoing report and, to the best of my knowledge, information and belief, all statements of fact contained in this Relay Services Data Request are an accurate statement of the affairs of TRS. In addition, I swear, under penalty of perjury, that all requested information has been provided and is accurate.

Date: _____

Signature: _____

Name: _____

Title: _____

INTERSTATE TRS ADVISORY COUNCIL MEMBERSHIP LIST

| NAME | REPRESENTING/TERM | ADDRESS | TEL. & FAX N0s. | EMAIL ID |
|--|---|--|--|--|
| Warren Barnett, Chair President, Barnett & Company | Hearing/speech disability community, 4/04-3/08 | 430 Chestnut Street, Ste. 102 Chattanooga, TN 37402-4976 | 423-756-0125, X.3002 423-756-0127 fax | warren@barnettandcompany.com |
| Jorge Bauermeister Commissioner, Puerto Rico Telecommunications Regulatory Board | State regulatory 8/03 – 7/07 | 253 Ave. Arterial Hostos Capitol Ctr North Twr, Ste. 1001 San Juan, PR 00918-1453 | 787-754-7170 787-765-4968 fax | jlbauermeister@jrtpr.gobierno.pr |
| Ed Bosson Relay Texas Administrator Public Utility Commission | State regulatory – relay administration 4/03 – 3/07 | 1701 N. Congress Avenue P.O. Box 13326 Austin, TX 78711-3326 | 512-936-7000 512-936-7147 tty 512-936-7003 fax | ed.bosson@puc.state.tx.us |
| Clayton Bowen, Sect'y Business Manager, Virginia Dept. for the Deaf and Hard of Hearing | State regulatory – relay administration 4/04-3/08 | 1602 Rolling Hills Drive #203 Richmond, VA 23229-5012 | 804-662-9704 v&tty 804-662-9718 fax | clayton.bowen@vddhh.virginia.gov |
| Lawrence J. Brick Retired | TRS users 4/05-3/09 | 3017 Midvale Avenue Philadelphia, PA 19129-1027 | 215-438-2233 tty 215-438-4229 fax | lbrick@ga-sk.com lbrick@ucwphilly.rr.com |
| Phil Erli Gen. Mgr., Ringgold Telephone Co. | Interstate service providers 4/02 – 3/06 | 7449 Nashville Street Ringgold, Georgia 30736 | 706-965-1253 706-965-2906 | perli@catt.com |
| Lowell C. Johnson Commissioner Nebraska Public Service Commission | State regulatory 4/05 – 3/09 | 300 The Atrium 1200 N Street Lincoln, NE 68508 | 402-471-3101 402-471-0233 fax | lowell.johnson@psc.ne.gov |
| Paul Ludwick, Vice Chair TRS Product Manager Sprint | TRS providers 4/03 – 3/07 | 5454 West 110 th Street Mail Stop: KSOPKJ0607-6080 Overland Park, KS 66211-1204 | 913-345-7795 913-323-4627 fax | paul.w.ludwick@mail.sprint.com |
| Gail Sanchez TRS Product Manager, AT&T | Interstate service providers 8/03 – 7/07 | 222 West Adams, Rm 12EV14 Chicago, IL 60606-5307 | 312-230-5033 312-230-8678 tty 312-230-8615 fax | gvsanchez@att.com |
| Judith Viera Mission Consulting | Hearing/speech disability community, 4/02 – 3/06 | 1036 Commons Drive Sacramento, CA 95825 | 916-641-8009(H) 916-641-8006 (H) fax | jviera@missionconsulting.com |
| Dixie Ziegler Director of Relay, Hamilton Relay Svc. | TRS providers 4/02-3/06 | 1001 Twelfth Street Aurora, NE 68818 | 402-694-5101 402-694-5037 fax | dixie.ziegler@hamiltonrelay.com |
| Vacant | TRS users | | | |
| Vacant | Hearing/speech disability community | | | |
| NECA STAFF John Ricker Director, Universal Svc Support Prog. Maripat Brennan Manager -Fund Administration Jackie Williams Federal Fund Financials – Sr. Analyst Jeff Henderson Assoc. Mgr – Federal Funds Billing | TRS Fund Administrator July 26, 1999 – July 25, 2003 Extended 7/03 on a month-to- month basis. | 80 S. Jefferson Road Whippany, NJ 07981 Room N 3004 Room N 3093 Room N 3097 Room N 3098 | 973-884-8262 fax 973-884-8085 973-884-8063 973-884-8334 973-884-8261 | jricker@neca.org mbrenna@neca.org jmwilli@neca.org jhender@neca.org |

Interstate TRS Advisory Council

Meeting Minutes April 20, 2004

| ATTENDEES | REPRESENTING |
|--|---|
| Council Members | |
| Warren Barnett | Deaf and Hard of Hearing Community |
| Jorge Bauermeister | State Regulatory |
| Ed Bosson | State Relay Administrators |
| Clayton Bowen | State Relay Administrators |
| Lowell Johnson | State Regulatory |
| Paul Ludwick | TRS Providers |
| Pam Ransom | TRS Users |
| Gail Sanchez | Service Providers |
| Al Sonnenstrahl | TRS Users |
| Judy Viera | Deaf and Hard of Hearing Community |
| Gary Warren (substituting for Dixie Ziegler) | TRS Providers |
| NECA | |
| Maripat Brennan | TRS Fund Administration |
| John Ricker | TRS Fund Administration |
| Colin Sandy | Legal |
| Jackie Williams | TRS Fund Administration |
| FCC | |
| Tom Chandler | CGB - DRO |
| Cheryl King | CGB - DRO |
| Greg Hlibok | CGB - DRO |
| Traci Randolph | CGB - DRO |
| Audience | |
| Sue Decker | AT&T |
| Ed Ericson | Baltimore City Paper |
| Mike Fingerhut | Sprint |
| Brenda Kelly Frey | Maryland Relay Administration |
| Jon Hodson | Sorenson |
| David Hoover | CAC |
| Steve Johnson | MCI |
| Tiina Keder | MCI |
| Mike Ligas | Sprint |
| Evelyn Lipsmeier | CAC |
| Dan Luis | GoAmerica |
| George Lyon | Lukas, Nace, et al; attorney for Hands On |
| Dana Marlowe | TCS Associates |
| Julie Miron | Communication Access Center |
| Jerry Nelson | MCI Relay |
| John Nelson | Hamilton |
| Mike Nelson | Sprint |
| Ron O Bray | Hands On |
| Dennis Och | AT&T |
| Paul Orloff | MCI |
| Mark Seeger | Communication Services for the Deaf |
| Pam Stewart | Maryland Relay Administration |
| Karen Peltz-Strauss | KPS Consulting |
| Mike Strecker | Sprint |

Warren Barnett, Chair
 Jorge Bauermeister
 Ed Bosson
 Clayton Bowen

Lowell Johnson
 Paul Ludwick, Vice-Chair
 Pamela Ransom, Secretary

Gail Sanchez
 Alfred Sonnenstrahl
 Judith Viera
 Dixie Ziegler

Attendance

The Interstate Telecommunications Relay Services (TRS) Fund Advisory Council met in Washington, DC, on April 20, 2004. Council members and other attendees are listed above. Because of the interest in the proposed VRS reimbursement rate, guest attendance was quite high. Jorge Bauermeister moved to approve the agenda; Paul Ludwick seconded. The agenda was approved as presented.

Convene

Warren Barnett, Council Chair, convened the meeting around 8:40 a.m. Mr. Barnett asked Council members and other attendees to introduce themselves. He then reviewed the Council's communications rules.

September 3, 2003 Meeting Minutes

The minutes were moved for approval by Judy Viera, seconded by Lowell Johnson, and approved by the Council.

Officer Elections

Warren Barnett was reelected Council chair and Paul Ludwick was reelected Vice-chair. Clay Bowen was elected Council secretary. The three officers were elected by acclamation.

A break was called at 9:00 AM due to difficulties with the CART operation. The meeting resumed at 9:20 AM once the problems were resolved.

FCC Update

Tom Chandler, Chief of the Disabilities Rights Office, delivered the FCC update. Mr. Chandler reviewed the origins of TRS and reimbursement from the interstate fund. The cost recovery mechanism was created so providers could recoup the cost of providing the service; it is based on the distinction between intrastate and interstate service.

The history of the ADA is clear that the states have the primary jurisdiction over TRS and the federal government was only supposed to have residual jurisdiction. The states were to pay the cost of the intrastate services; the FCC created the shared funding mechanism to pay for the interstate portion of the service. The Fund Administrator collects the carrier contributions to the fund and determines the reimbursement rates and fund requirements.

The June 30, 2003 fund order set the 2003-2004 rates and gave NECA guidance on how to develop the compensation rates until the Commission would issue a subsequent order. The most important thing is to ensure that the compensation is based on cost and usage data that is appropriate and correct and is in accordance with what Congress intended with Title IV of the ADA. The Fund Administrator has the obligation to analyze the provider data to ensure that the compensation rates are based on correct and accurate numbers. The Commission must review the annual fund filing to ensure the accuracy of the rate development process. The Council's role is to assure that NECA has properly analyzed the data it has received and has followed the guidance in the June 30, 2003 order.

Mr. Chandler also listed other activities that the Commission has been addressing:

- Rate reconsideration order
- VRS waivers -- were extended to June 30, 2004
- In Mega-TRS Order to come - VRS cost recovery methodology, outreach, emergency calling, wireless networks, shared language TRS, and some technical issues regarding speed of answer, call set-up and speech recognition technology
- Hands On application
- CSD petition for limited waiver for legal proceedings
- Sprint request for reconsideration on IP relay compensation
- Video mail
- NECA petition on reimbursement of wireless calls
- TRS Fund Administrator procurement
- Abuse of IP relay involving criminal enterprises

In response to a question about the differences or similarities in cost recovery mechanisms among traditional TRS, VRS and IP relay, Mr. Chandler responded that the rates are all on a per minute basis, but reimbursement for TRS is only for interstate minutes whereas the fund reimburses all VRS and IP minutes. Mr. Chandler feels that it is unlikely that VRS will be compensated from the TRS fund forever because that is at odds with the congressional scheme.

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Clay Bowen asked what the FCC is doing relative to the Internet Relay fraud. Mr. Chandler responded that the FCC is very much aware of the problem with IP relay credit card scams and that they are actively working on it. Mr. Chandler also expressed his concern about the role of the CA in this process and about merchants disadvantaging the deaf community by refusing to accept TRS calls to place orders.

Ms. Viera asked about the review of data after the interim VRS rate was set and how one knows if the new data is appropriate or not. Mr. Chandler responded that providers were invited to provide underlying data supporting what they submitted to NECA. Most providers did that and met with the FCC to discuss. The outcome of that process is included in the Order on Reconsideration that has not come out yet. For the 2004-2005 funding period, NECA reviewed the data submitted, and made sure what the numbers represented, and proposed the new rates.

In response to a request for an example of a cost that the FCC determined was inappropriate, Mr. Chandler responded that profit and taxes were the biggest pieces.

Commissioner Bauermeister asked if VRS and IP relay were paid from the fund because the FCC had stated that Internet issues are jurisdictionally interstate, or for another reason. Mr. Chandler replied that it was because providers couldn't determine what was intrastate and what was interstate. The Commissioner then questioned if the mega order would transfer more responsibility to the states to pay for IP or VRS. Mr. Chandler answered more steps would have to be taken before that would happen.

Mr. Warren asked if an NPRM might be forthcoming about VRS and IP cost methodology, and the use of the 11.25% rate of return in place of a profit margin. Mr. Chandler responded that the methodology issue is part of the broader question of how the rates should be figured – for VRS, if it should be per minute or a lump sum. The 11.25% percent is a part of a more fundamental question of what is the reasonable cost providers are entitled to be compensated for under any methodology. The June 30, 2004 Order stated that profit as a markup on expenses was not the type of cost that Congress envisioned providers being compensated for to fulfill their duty of providing accommodation for people with disabilities.

Mr. Bosson noted that the Deaf community enjoys having the choice of multiple vendors for IP and VRS which they don't have for traditional TRS. He then asked what it would take to keep IP and VRS reimbursement coming from the interstate fund. Perhaps there needs to be a national fund for IP and VRS; would that require Congressional action? Mr. Chandler answered that states are not precluded from having multiple vendors and that the state's citizens should push the state for what they want. Mr. Chandler also said that he did not think it was possible to keep funding IP and VRS forever from the interstate fund because the statute is not written that way.

To answer a question on auditing the providers to make sure the minimum standards are met, Mr. Chandler responded that states are responsible for the state TRS programs and the FCC uses the annual complaint log reports and the 5-year certification process. Also, the community brings problems to the FCC's attention, an action Mr. Chandler appreciated.

Another Council member commented that functional equivalency is only met with IP and VRS – text based relay service is like using Morse code, and then asked how the FCC defined functional equivalency. Mr. Chandler responded that it appears obvious that VRS is currently the best service for the community and that it is clearly here to stay. Congress enacted the ADA in a certain way and there are ten years of TRS orders and regulations that must be followed but the FCC is doing everything they can to ensure VRS will continue to be provided.

Mr. Ludwick commented that he was pleased the FCC was making sure the funding is used wisely but that the use of return on invested capital methodology being used this year doesn't include many of the expenses of relay, like the cost of money. He then asked Mr. Chandler if this, in particular, was being addressed in either the Order on Reconsideration or another upcoming order? Mr. Chandler answered in the affirmative.

Mr. Barnett announced a fifteen minute break, asking the participants to reconvene at 10:40 AM.

Mr. Barnett reconvened the meeting at 10:45 AM.

Council Members' Agenda Items

Ms. Viera requested that her item, on VRS calling incentives, be removed from the agenda.

Mr. Bosson then addressed IP Relay Scams. Because IP relay is web based, anyone can access it. People in countries outside the US, including Nigeria, have found a way to do scams through IP relay, calling US companies and ordering

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computers, using bogus credit cards. Mr. Bosson has had the experience of calling a company to place an order and being told that he would have to come to the store. That store had been burned by one of the scams. Mr. Bosson noted that Mr. Chandler is already looking into this, and he has talked with providers who have told him that they have found ways to block the calls. Bottom line, it's costing TRS funds to reimburse.

Mr. Chandler then urged providers to tell their CAs that they should not be going on chat rooms talking about the scams because the CAs are violating the confidentiality requirements associated with relay services.

Mr. Ludwick then presented an issue related to captioned telephone VCO usage – 2-line inbound service. Mr. Ludwick provided background on captioned telephone VCO service and then explained the issue with 2-line inbound service. A caller places a call to a captioned telephone VCO user. When the call is answered, a second line is engaged calling the captioning center. The calling party information cannot be passed along to the captioning center. Consequently, it is not possible to determine if the call between the two parties is intrastate or interstate. Mr. Ludwick's proposed solution is to use an allocation similar to the one used for traditional TRS calls to 800 and 900 numbers. Mr. Warren asked if identifying the jurisdiction was also a problem with inbound 2-line VCO calls and Mr. Ludwick responded that it was.

After more discussion on the topic, it was decided that a sub-committee be formed to develop a recommendation to present to the Council at its next meeting.

NECA Staff Reports

Ms. Brennan directed the Council's attention to several documents in Tab 5 of the binder: February 2004 FCC Order, approving an additional \$55 million to be collected from carriers for the 2003-2004 funding period due to the growth of IP and VRS minutes; letters to the FCC in January and February explaining the growth of the services; letters to providers explaining the need to make two payments in February and March for IP and VRS minutes, due to a shortfall in the fund; and, finally, the June 30, 2003 funding order.

Ms. Brennan then presented the fund status as of April 9, 2004; the balance was \$25.9 million.

Fall 2004 Meeting

After a short discussion, Gail Sanchez moved that the next Council meeting be scheduled for Thursday, September 9, 2004, in Charleston, SC, just prior to the annual NASRA meeting. Mr. Ludwick seconded; the location was approved.

Mr. Barnett then took time for some public comments before lunch.

Mike Nelson of Sprint asked if there was any way a group could review the data request forms to improve them. He also asked if there are guidelines for what occupancy and utilization percentages should be. Ms. Brennan responded that, when the final order is released, there will be changes to the forms and that there would probably be a meeting at the same time as the Council and NASRA meetings to review the new forms.

Karen Peltz-Strauss asked if there would be an opportunity to review the calculation methods and adjustments made to this year's data request submission. Ms. Brennan said she would address that in the afternoon.

Lunch

Mr. Barnett announced that the meeting would break for lunch and reconvene at 1:00 PM.

Reconvene

Mr. Barnett reconvened the meeting at 1:00 PM.

Prior to the start of the presentation on the Interstate Fund Filing, John Ricker noted that Mr. Chandler set the stage for the fund filing presentation when he talked about the June 30, 2003 FCC Order being the law of the land relative to establishing provider compensation rates. NECA used the June 30th Order as a guide to make decisions as to what costs were allowable and which weren't. Ms. Brennan will explain how we interpreted the June 30th Order in coming up with the recommended rates. NECA will submit the filing, explaining the steps we took, on May 1; the public will have an opportunity to comment on it.

Interstate Fund Filing

Ms. Brennan provided some history of the data collection process. She then delivered the presentation that is attached to these minutes, explaining the process used to analyze the provider data.

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Dixie Ziegler*

Ms. Brennan then presented several exhibits from the filing, showing the development of the proposed individual reimbursement rates, minute projections for the four services, and the total funding requirement for 2004 - 2005. All of the exhibits are also attached to these minutes.

A lengthy discussion occurred during Ms. Brennan's presentation on the use of 11.25% rate of return on capital investment instead of provider specific profit margins, usually applied to all expenses. The concern was expressed that 11.25% on capital investment would discourage all relay providers, not just VRS providers. The application of a return on investment to relay service was questioned. Concern was shared about the elimination of R&D costs from the rate calculation. From a consumer perspective, there is no incentive to develop new and better services.

The outcome of the discussion was a motion by Commissioner Bauermeister: while we recognize that NECA had to follow the FCC guidelines in coming up with the numbers, the Council thinks the formula, including 11.25% and other mechanisms in place, does not properly reflect a reimbursement rate that takes into account the profit needs of the companies and the needs of the consumers. The FCC should take this into account when establishing the rate for the next funding year beginning July 1. This resolution would be included in the Council members' discussion in the annual filing. The Council approved the motion.

Mr. Barnett had to leave the meeting at this point. Mr. Ludwick took over as chair.

A discussion on requesting the FCC to ask staff involved in reviewing the filing to attend orientation or training on VRS took place. The motion evolved to inviting FCC staff to visit a relay center; it was approved by the Council. A discussion on learning about new technology culminated with a request that the FCC discuss new technologies at the next meeting.

Old Business/New Business

A request to have the FCC discuss equipment interoperability at the next meeting was expressed.

Adjourn

Commissioner Bauermeister moved that the meeting be adjourned; it adjourned at 4:10 PM.

Respectfully submitted,
Clayton Bowen
Secretary

By Maripat Brennan, NECA

Approved at September 9, 2004 Council meeting.

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Judith Viera
Dixie Ziegler*

Interstate TRS Advisory Council

Meeting Minutes September 9, 2004

| ATTENDEES | REPRESENTING |
|------------------------|---|
| Council Members | |
| Warren Barnett | Deaf and Hard of Hearing Community |
| Jorge Bauermeister | State Regulatory |
| Ed Bosson | State Relay Administrators |
| Clayton Bowen | State Relay Administrators |
| Phil Erli | Service Providers |
| Lowell Johnson | State Regulatory |
| Paul Ludwick | TRS Providers |
| Gail Sanchez | Service Providers |
| Al Sonnenstrahl | TRS Users |
| Judy Viera | Deaf and Hard of Hearing Community |
| Dixie Ziegler | TRS Providers |
| NECA | |
| Maripat Brennan | TRS Fund Administration |
| Regina McNeil | General Counsel |
| John Ricker | TRS Fund Administration |
| FCC | |
| Tom Chandler | CGB - DRO |
| Audience | |
| Janet Ball | South Dakota Relay Administration |
| Alana Beal | MCI |
| Julia Bell | Maine Relay Administration |
| Anne Bennett | Devaney & Associates |
| David Birnbaum | BIS |
| Bridget Bonheyo | BIS |
| Andrew Brenneman | Sprint |
| Todd Butterworth | Nevada Relay Administration |
| Donna Casey | NECA Services – DC Relay Administration |
| Amy Christensen | Iowa Utilities Board |
| Lori Cielinski | Wyoming Relay Administration |
| Sherri Collins | Arizona Relay Administration |
| Sue Decker | AT&T |
| Diane Devaney | Devaney & Associates |
| Barbara Dreyfus | Ultratec |
| Brenda Kelly Frey | Maryland Relay Administration |
| John Garrity | AT&T |
| Rochelle Garrow | Minnesota Relay Administration |
| Mary Beth Green | Utah Public Service Commission |
| Linda Gustufson | California Relay Administration |
| Jon Hodson | Sorenson |
| Betty Hammond | Nevada Relay Administration |
| Vickie Heller | Wyoming Relay Administration |
| Larry Herold | Colorado Relay Administration |
| Joyce Hightower | KRSI |
| David Hoover | CAC |
| Chris Hunter | Michigan Relay Administration |
| Ron Jack | Colorado Relay Administration |
| Tiina Keder | MCI |

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 Clayton Bowen, Secretary

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 Lowell Johnson
 Paul Ludwick, Vice-Chair

Gail Sanchez
 Alfred Sonnenstrahl
 Judith Viera
 Dixie Ziegler

| | |
|-------------------|---|
| Patty Kress | Illinois Relay Administration |
| Robert Lanter | Wyoming Attorney General's Office |
| Bob Lichtenberg | Washington Relay Administration |
| Norm Lisy | AT&T |
| Kenya Lowe | Michigan Relay Administration |
| Dan Lusk | South Dakota Relay Administration |
| George Lyon | Lukas, Nace, et al; attorney for Hands On |
| Mike Maddix | Sorenson |
| Julie Miron | CAC |
| Bruce Nelson | Society's Assets |
| Joni Nicoll | Iowa Utilities Board |
| Pat Nola | Sorenson |
| Ron O Bray | Hands On |
| Julie Orchard | Utah Public Service Commission |
| Paul Orloff | MCI |
| Connie Phelps | Montana Relay Administration |
| Eric Raff | Washington Relay Administration |
| Joe Riggio | Wisconsin Relay Administration |
| Billy Schwall | CAC |
| Mark Seeger | CSD |
| Reed Steiner | Sorenson |
| Jim Stevens | Kentucky Public Service Commission |
| Pam Stewart | Maryland Relay Administration |
| Steve Stovall | Nebraska Relay Administration |
| Susan Tanning | Wyoming Relay Administration |
| Stephanie Wallace | Massachusetts Relay Administration |
| David Weiss | California Relay Administration |

Attendance

The Interstate Telecommunications Relay Services (TRS) Fund Advisory Council met in Charleston, S.C., on September 9, 2004. Council members and other attendees are listed above. Council seats for a representative of TRS users and a representative of the speech disability community are vacant. Because the meeting was held in conjunction with the National Association of State Relay Administration's (NASRA) annual meeting, guest attendance was quite high.

Convene

Warren Barnett, Council Chair, convened the meeting around 9:05 A.M. Mr. Barnett asked Council members and other attendees to introduce themselves. He then reviewed the Council's communications rules. Lowell Johnson moved to approve the agenda; Jorge Bauermeister seconded. The agenda was approved as presented.

April 20, 2004 Meeting Minutes

The minutes were moved for approval as corrected by Phil Erli, seconded by Judy Viera, and approved by the Council.

April 2005 Meeting

Dixie Ziegler moved that the next Council meeting be scheduled for the week of April 18th in Washington, D.C. Ms. Viera seconded; the location was approved.

FCC Update

Tom Chandler, Chief of the Disabilities Rights Office, delivered the FCC update. Mr. Chandler noted that the DRO has about ten people of whom half are attorneys, and the bulk of their work is TRS.

Two big orders came out June 30, 2004 – the Commission level Report and Order, Order on Reconsideration and Further Notice of Proposed Rulemaking (FNPRM) and the Bureau level rate order.

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The Bureau order addressed the TRS compensation rates for the next funding period, July 1, 2004 – June 30, 2005. VRS rates may be adjusted, if necessary, for two possible reasons – the rates didn't include a rate of return on capital investment, and providers may discuss the cost disallowances with the FCC and some costs could be added back. DRO will meet with the providers who want to go over their disallowances in the next month or two. The result will be another order with the final rates, hopefully by the end of the year.

Paragraph 40 of the Bureau order made a point about NECA's authority in reviewing the costs submitted by providers and its role in establishing the rates. The Fund Administrator's role is not to simply rubber stamp the costs but to make sure the provider data reflects the reasonable costs in accordance with the FCC's rules. Paragraph 31 gives a succinct summary of what the Order on Reconsideration did to the June 2003 rate order: 1) providers are entitled to reimbursement of reasonable costs for providing TRS as an accommodation for persons with disabilities but, while those costs may not include profit or a markup on expenses, they may include a rate of return on capital investment; 2) the rate of return on capital investment is 11.25%; 3) salaries of corporate officers and executives may be included but those costs need to be apportioned and only the percentage of their time associated with TRS should be included; 4) only engineering research and development expenses that go to meeting the mandatory minimum standards may be included; 5) an allowance for working capital of 1.4% will be applied.

Mr. Chandler then discussed the FNPRM and urged the attendees to submit comments in the proceeding. The VRS cost methodology is one of the big issues. Is the per-minute rate correct or is there a better way to reimburse providers? The intrastate/interstate separation of costs issue for IP and VRS is a significant one. Because the originating location of the call cannot be discerned, all calls are currently being reimbursed from the TRS Fund. The vast majority of those calls are probably intrastate. Is there a good method to allocate those calls or should they all be deemed interstate and have the Fund pay for them? If the Fund pays for them, will there eventually be a problem with the courts or Congress?

The FCC is also seeking comments on speed of answer for VRS. What should it be; how should it be implemented?

Comments on the role of the Advisory Council are also sought. The idea raise that issue predated the April Council meeting – it did not result from the positions the Council took regarding the May 2004 Fund filing. It's important to remember that NECA works for the Commission and is tasked with a specific job that has three components: bill the carriers and collect for the money that comes into the Fund; pay the providers monthly; and develop the compensation rates. Much of the work is administrative, not policy. The Advisory Council's role is to advise NECA on cost recovery matters. The Council was created because, when NECA was appointed for the initial two-year term, some entities were concerned that, as an association of local exchange carriers, it might not represent all parties' interests.

The FNPRM seeks comments on what the mission of the Council should be. What other things could this Council do or should it do to have a more meaningful role in the process? Or, has the time come when such a Council no longer needs to exist because challenges to the rates or their development may be made to the Commission through their normal processes? Should the Council be concerned with the amount of the rate if NECA has correctly requested and analyzed the data and developed the rates?

Composition of the membership was also raised in the FNPRM. Is there a lack of adequate representation from folks who might represent the Fund itself or the consumers who pay into it? How are representatives from each of the groups nominated? How can fair representation be assured? The ultimate question is should the Council be expanded, modified or abolished? The point is that it is worthwhile for any organization or entity like this to, once in awhile, reflect on its mission and make sure it is doing what it is supposed to be doing or get authority to do other things.

Lastly, Mr. Chandler addressed outreach. In the Report and Order part of the Mega Order, the Commission concluded that the issue with the Fund paying for outreach is a legal one. The Fund can't pay for a national outreach program but it does remind the common carriers and providers that they have obligations under the regulations to do outreach. The Consumer and Governmental Affairs Bureau has been tasked to take concrete steps, as part of the outreach effort, to get the word out.

Mr. Chandler then asked for questions from the Council. Mr. Bauermeister noted that the FCC is dealing with voice over the Internet (VOIP), to determine if that service should be considered interstate. If it is considered interstate, what impact will that have on relay calls using the Internet? Mr. Chandler acknowledged that there is a relationship between what the

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Judith Vlera
Dixie Ziegler

Commission and the courts and the government are doing with VOIP and IP and VRS. It may be that the Commission will have to resolve the VOIP issue before the IP and VRS separation issues are settled.

Ms. Viera asked if any thought had been given about who else might contribute to the Fund. Mr. Chandler said that may be something that they will do. If the states were picking up some of the costs, there would be less pressure to expand the base that pays into the Fund.

Paul Ludwick commented that he would like to see a draft of the filing material prior to the April meeting so that the Council would have time to formulate intelligent questions on NECA's recommendation. Mr. Ludwick also noted that Sprint does not have a separate line item on their bill for TRS and, as the factor rises and falls, they don't change their rates. He was curious as to who Mr. Chandler saw as parties to represent the Fund since Sprint doesn't pass the cost on to the consumer. Mr. Chandler responded that there can't be a set line on the bill specifically mentioning TRS but the costs could be included on some other generically labeled line. But the question is really who should represent entities paying into the Fund and the FCC is giving that some thought. Discussion followed on what information could be shared with the Council during development of the reimbursement rates. Mr. Chandler again asked for comments on the FNPRM to help the FCC determine the Council's role.

Ms. Ziegler suggested that it might make more sense for the Council to advise the DRO instead of NECA. Mr. Chandler said anything was possible but the number of committees advising the FCC is limited by law.

Al Sonnenstrahl noted that in the early days of TRS, the community was concerned about the lack of text telephone (TTY) users at the FCC. The community wanted a link between FCC people who understood telephony and people familiar with TTY usage. The Council was established to make sure the funding was consistent and wouldn't hurt people who rely on TTYs. Mr. Sonnenstrahl thought that Ms. Ziegler's idea may be the answer. Mr. Chandler responded that the TRS III Order indicated that the Council was created more for other bureaucratic reasons based on comments filed at that time.

In response to a question about how the FCC was going to pay to attend an AARP meeting and provide outreach on TRS if the Fund could not pay for it, Mr. Chandler noted that his bureau, Consumer and Governmental Affairs, has a budget for outreach on all sorts of things, including TRS.

Mr. Bosson asked why NECA couldn't share an average cost for each of the providers. That would help the Council understand NECA's recommendations. Mr. Chandler responded that the actual number crunching is not really the core of what the Council should be doing. Perhaps the better role is to make sure that the instructions to providers are clear to help eliminate disallowances. Or should the projections be based on two years or one? Should the VRS rate be for one year or two?

Ms. Viera asked if there was a list of what is allowed and what is disallowed and has it changed over the last several years? Did the rules change or the communication as to what was allowed? Mr. Chandler answered that there is no specific list but Part 64, on TRS, and Part 32, the Uniform System of Accounts, are the basis. When the service was just one public switched network (PSTN) service, the Fund was relatively small and the rate was \$1.30 - \$1.50. But, when the VRS rate went to \$17, that caught the attention of a lot of entities, other than telephone companies, who wanted to provide the service. When the \$14 rate was proposed the following year, the Commission took a much closer look and found that some costs were not appropriate or reasonable and approved a lower rate for VRS. The "list" is probably the instructions that NECA gives the providers with the expense and minute reporting forms.

At the end of his presentation, Mr. Chandler noted that, although the VRS rate approved for 2003-2004 was \$7+, no provider stopped offering the service, more providers entered the field, more vendors are interested in entering, and the minutes have grown from 200,000 to almost a million a month.

Mr. Barnett announced a fifteen-minute recess. He reconvened the meeting at about 10:30 AM.

Council Members' Agenda Items

Ms. Viera noted that Mr. Chandler covered her item on FNPRM items for comment. However, Mr. Barnett asked if the Council should have a subcommittee develop input to the FCC on what the future of the Council should be? It was agreed to discuss this topic after lunch.

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Dixie Ziegler

Mr. Barnett presented his item – the expansion of TRS funding sources. Since the Council was created, there have been significant changes in telecommunications. Now, we communicate through our computers and through the cable companies. Soon, we may communicate through the electrical wires. Yet, none of these organizations contribute to the Fund. In 1993, the interstate revenues were about \$80 billion a year. That revenue has declined and we have new sources of interstate calls that do not contribute to the Fund. This is putting pressure on the companies that do contribute.

John Ricker then addressed the issue in more detail. While the TRS carrier contribution factor is three-tenths of 1 %, the factor for the 4Q04 of the Universal Service Fund will be about 10%. The USF contribution base is the same as TRS – interstate and international end user revenues.

The number of telephones has virtually doubled because almost anyone with a wireline phone also has a cell phone. But, the end user revenues have decreased due to the packaging of wireless minutes, for example. The FCC has an open proceeding dealing with contributions for Universal Service. They have three different alternatives they are addressing: 1) a flat charge per connection, with a minimum contribution for all interstate service providers; 2) assess all connections based on capacity; and 3) a charge based on working telephone numbers. Another alternative is including intrastate revenues in the mix, or possibly requiring Internet service providers, cable companies, etc., to contribute. When the FCC reaches a decision on USF, they will also have to determine if the TRS Fund should be treated the same or differently.

Mr. Ludwick then reviewed the issue related to captioned telephone VCO usage – 2-line inbound service. The issue was raised in April and a subcommittee was established to determine what recommendation should be made to the Council. The subcommittee of Clay Bowen, John Nelson representing Dixie Ziegler, Gail Sanchez, Al Sonnenstrahl and Mr. Ludwick met via conference call on August 31. John Ricker and Maripat Brennan were also on the call. After a presentation on the topic by Heather Kostelnick, a member of Mr. Ludwick's staff, the subcommittee discussed the topic at length. The outcome of the discussion was a recommendation that the Fund reimburse relay service providers that provide 2-line inbound captioned telephone VCO service using an allocation similar to what is used today for toll free and 900 call minutes. NECA staff was directed to determine the allocation percentage. Staff calculated a 10% interstate factor by dividing interstate and international minutes by local, intrastate, interstate and international traffic for the 2004-2005 funding period. Mr. Ludwick then made a motion that the interstate TRS Fund reimburse relay service providers of 2 line captioned telephone VCO inbound calls using an allocation to determine interstate minutes which is 10% for the current fund year, 2004-2005. Mr. Bauermeister seconded; the motion was approved.

NECA Staff Reports

Ms. Brennan started off reviewing a summary of the Fund that had been distributed to the Council and the audience. The fund size for 2004-2005 is \$289 million; the contribution factor is 0.00356. For 2003-2004, the initial fund size was \$115 million; factor, 0.00149. However, with the significant growth of Internet and Video relay services, additional funding of \$55 million was collected for the period. More than 4,400 carriers were billed for the period; about 350 are billed monthly.

Nine providers are paid from the Fund; there are now more VRS providers than traditional TRS providers. For the first ten years of relay, cumulatively the Fund was about a third of a billion dollars. In the last two years, it has more than doubled that amount and if things continue this way, for 2005-2006 the Fund will cross the billion dollar mark, cumulatively.

Ms. Brennan then presented the fund status as of the end of August; the balance was \$59 million. Contributions of \$78 million have been received; receivables are \$209 million.

A significant change for this funding period was the provider payment schedule. As an example, providers would report in October their minutes handled in September and be reimbursed by the 10th of November. The Fund is now reimbursing providers at the end of the month in which they report the minutes. For the funding period that began in July, the Fund has paid out almost \$54 million to date.

Of the approximately 4,400 carriers, less than 1,000 pay the minimum contribution of \$25. About 1,900 carriers owe between \$25, and \$1,200, for a total of \$700,000. And, 1,700 carriers who owe \$1,200 or more contribute \$285 million of the \$289 million.

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Dixie Ziegler

A Council member asked what was happening with Internet relay minutes – was fraud still an issue. Ms. Brennan noted that when providers put controls in place in the March – April timeframe, there were significant drops in minutes. However, growth is again occurring. Mr. Ludwick noted there are still control issues. One avenue is blocked and another is tried. Mr. Chandler said the FCC continues to look at this and asked providers to share any new information they had. Mr. Bosson stated that if the states had to pay for Internet relay, they would require registration to prevent fraud. Mr. Ludwick responded that the persons perpetrating the fraud are very resourceful and registration would do little to deter them.

Ms. Brennan then shared a few charts showing Internet and Video relay service growth since 2002 compared to traditional TRS growth since 1993.

Lunch

Mr. Barnett announced that the meeting would break for lunch and reconvene at 1:00 PM.

Reconvene

Mr. Barnett reconvened the meeting at 1:00 PM.

NECA Staff Reports, cont'd

Ms. Brennan completed the staff reports by directing Council members to the TRS Orders and information in Tabs 7, 8 and 9.

Relay Services Data Request and Monthly Minute Reports

Ms. Brennan noted that Mr. Chandler said one of the critical things NECA is responsible for is the collection of the cost and demand data from the relay service providers. The “actual” data collected is used to audit the relay service providers and the projections are used to develop the reimbursement rates and the fund size.

“Using the information and direction provided in the June 30, 2004 Mega2 Order, NECA revised the data collection form and the instructions to be very specific in the kind of information that we were looking for. We shared the instructions with the providers to gather feedback on their clarity. We had the FCC review the instructions to make sure we interpreted their Order correctly. And, on September 8th, taking advantage of the fact that many providers were here in Charleston for the NASRA and/or NECA meeting, we held a meeting to review the near final version of the form and instructions. The form and instructions will be distributed by the end of September, due January 4, 2005.” Ms. Brennan also reviewed the calendar of activities associated with the review of the providers’ data.

A big change to the data collection this year is that, instead of reporting the data by center by service, we are requesting the data by provider by service. Since providers with multiple centers simply allocated costs to the center by some factor, collecting the data by center was no longer as meaningful as it had been in the early days of relay. Salary and benefit detail will still need to be supported by center data. The filing exhibits that reflect reimbursement rate development will change to maintain the confidentiality of the providers’ data. Only the totals by service will be visible in the filing.

A discussion followed on when research and development expenses may be included in the data collection. Only when the research and development expenses are associated with meeting non-waived mandatory minimum standards may the costs be submitted.

NECA also modified the monthly minutes’ reports to add a separate section for captioned telephone voice carryover minutes to track their growth. The new form was shared with the Council.

New/Old Business

The Council passed a motion to look into other calls that have the same type of jurisdictional issues as 2-line inbound captioned telephone voice carryover calls. Mr. Barnett asked Mr. Ludwick to have Ms. Brennan help organize the subcommittee.

Ms. Ziegler reminded Mr. Barnett about the Council submitting comments on its role to the FCC in response to the FNPRM. She made a motion to establish a subcommittee to work on comments addressing the future role of the Council. Mr. Bauermeister seconded the motion. In response to a question about NECA drafting the comments, Mr. Ricker

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Judith Viera
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explained that this would not be the first time that NECA had drafted something on behalf of the Council. Discussion followed on whether a conference call or face to face meeting should be held. Mr. Bauermeister suggested that the Council members send him an email of what they want to be sent to the FCC. He will collect them all and circulate them as a complete document. This would be done prior to any meeting that would be held. It was agreed that Ms. Ziegler would work with Ms. Brennan to arrange a time and place and get back to interested Council members.

Since the FCC wasn't asked to address equipment interoperability at the September meeting, the Council asked that the FCC be asked to address that and new technologies at the April 2005 meeting.

Public Comments

Mr. Chandler again asked for comments, in as much detail as possible, on the FNPRM topics – the role of the Council and the other items.

Adjourn

Mr. Barnett moved that the meeting be adjourned to give an extra ten minutes to NASRA. The meeting adjourned at 1:50 PM.

Respectfully submitted,
Clayton Bowen
Secretary

By Maripat Brennan, NECA

Approved at April 19, 2005 meeting.

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